

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6749

BILL NUMBER: HB 1478

NOTE PREPARED: Jan 29, 2015

BILL AMENDED:

SUBJECT: Marion County Fire Consolidation.

FIRST AUTHOR: Rep. Kirchhofer

FIRST SPONSOR: Sen. Merritt

BILL STATUS: As Passed House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Township Fire Departments and Fire Protection Territories: The bill authorizes the consolidation of a township fire department or fire protection territory in Marion County into the fire department of the consolidated city if the following occur:

- (1) The mayor of the consolidated city adopts a resolution approving the consolidation.
- (2) The city-county council adopts an ordinance approving the consolidation.
- (3) The mayor of the consolidated city approves the ordinance of the city-county council.

The bill provides that a consolidation is effective on the date set forth in the ordinance adopted by the city-county council.

Fund Balances: The bill provides for the transfer of cumulative building and equipment fund balances, debt service balances, and firefighting fund balances on the effective date of the consolidation.

Firefighters: The bill specifies that to become a firefighter with the fire department of the consolidated city as part of a consolidation, an individual must pass the work performance evaluation administered by the fire department of the consolidated city. It provides that a physician selected by the fire department of the consolidated city may, upon application by the firefighter, grant the firefighter an extension, for medical reasons, of the date by which the firefighter must pass the work performance evaluation.

It provides that for purposes of determining the seniority of a merit firefighter who becomes employed by the fire department of the consolidated city through a consolidation: (1) the time served by the individual as

a merit firefighter with the consolidated fire department also includes the total time served by the individual as a merit firefighter with the fire department in which the individual was serving at the time of the consolidation; and (2) the hire date of the individual is the date the individual was hired as a merit firefighter by the fire department in which the individual was serving at the time of consolidation.

The bill specifies that if an individual becomes a firefighter employed by the fire department of the consolidated city through a consolidation, the individual's merit rank may not be reduced below the lesser of the merit rank held by the individual on the effective date of the consolidation or the rank of captain.

Levies: The bill specifies that the consolidated city may levy property taxes within the area served by the consolidated fire department to provide for the payment of the expenses for the operation of the consolidated fire department. It provides that beginning with the fifth year after the year in which such a consolidation is effective, the total property tax rate imposed for fire protection within the territory formerly served by the fire department that was consolidated may not exceed the total property tax rate imposed for fire protection in other areas served by the fire department of the consolidated city.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of Local Government Finance (DLGF):* The DLGF would determine the amount of any balance in the township fire fund to be transferred to the consolidated city. The DLGF would also determine the amount of any balance in the township fire debt fund to be transferred to the county general fund after the debt is paid.

The bill's requirements are within the DLGF's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* The fiscal impact of the bill is indeterminate, but it could potentially provide cost savings for the county, townships, and the fire protection territories that are consolidated with the Indianapolis Fire Department (IFD). The cost savings may result from reduced number of employees, including the reduction of support staff who would not automatically transfer and firefighters who would not meet requirements of the IFD. Other savings may come from more strategic placement of fire stations and reduction in duplication of equipment. Any potential cost savings will result from the decision of the mayor and the city-county council, and in the efficiencies gained in the operation of the consolidated fire department.

Additional Information: There are three township fire departments in Marion County that have not merged with the IFD, Decatur Township, Pike Township, and Wayne Township. The five other township fire departments have merged with the IFD under current law provisions for voluntary consolidation, while Center Township has always been served by the IFD. The table below shows the dates of consolidation.

Township	Date of Consolidation
Center	--
Franklin	7/10/2010
Lawrence	1/1/2011
Perry	8/1/2009
Warren	7/1/2007
Washington	1/1/2007

According to an audit of the mergers, for the five-year period 2006 to 2010, fire protection costs increased 9.8% in the consolidated townships, while costs in the other townships increased 18.9%. The combined staffing level for the consolidated townships is 2.7% less than prior to consolidation, and 17 (or 27%) of the management positions have been eliminated. The table below shows the CY 2013 fire-related expenditures of the unconsolidated townships.

Township	Fire Protection Fund	Cumulative Fire Fund	Emergency Fire Loan	Fire Debt	Total
Decatur	\$10,275,131	\$224,524		\$1,750,858	\$12,250,512
Pike	27,796,447	494,735	3,523,993		31,815,175
Wayne	25,380,680	455,086			25,835,766
Total	\$63,452,258	\$1,174,345	\$3,523,993	\$1,750,858	\$69,901,453

Explanation of Local Revenues: *Township Fire Department Funds:* The balance in a township fire debt service fund is to be transferred to the city's cumulative building and equipment fund for fire protection and related services to fund land, building, and equipment for fire protection and emergency medical services.

The balance in the debt service fund is transferred to the city to pay indebtedness or other needs for which the fund was established. Any balance remaining after all payments are made is to be transferred to the county general fund. The table below shows the balances in the unconsolidated township funds as of December 2013.

Township	Fire Protection Fund	Cumulative Fire Fund	Fire Debt Service Fund	Total
Decatur	\$491,422	\$226,731		\$ 718,154
Pike	5,174,733	1,341,128	268,557	6,784,418
Wayne	8,976,125	307,089		9,283,215
Total	\$14,642,280	\$1,874,949	\$268,557	\$16,785,786

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: City of Indianapolis, Decatur, Pike, and Wayne Townships in Marion County.

Information Sources: Policy Analytics, *Indianapolis/Marion County Fire Service Consolidation Performance Audit*, October 20, 2010. 2012, Annual Report Data via the Gateway for Government.

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